

Town of Los Altos Hills

City Council Regular Meeting Minutes

May 14, 2009
Council Chambers, 26379 Fremont Road

CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE

Mayor Mordo called the City Council Regular Meeting to order at 7:00 p.m. in the Council Chambers at Town Hall.

Present: Mayor Jean Mordo, Mayor Pro Tem Dean Warshawsky,
Councilmember Breene Kerr, Councilmember Rich Larsen (Participated
via teleconference 210-229-9449: Location-Courtyard by Marriott, 600 S.
Santa Rosa, San Antonio, Texas) Councilmember Ginger Summit
Absent: None
Staff: City Manager Carl Cahill, City Engineer/Public Works Director Richard
Chiu, Finance Director Nick Pegueros, Planning Director Debbie Pedro,
City Attorney Steve Mattas, and City Clerk Karen Jost

APPOINTMENTS AND PRESENTATIONS

1. Certificate of Commendation - Col. Lionel M. Nelson, M.D.

Mayor Mordo, on behalf of the City Council, presented a Certificate of Commendation to Town resident Colonel Lionel M. Nelson. Col. Nelson, a retired Air Force and Army reservist had recently completed his voluntary 90 day deployment to Iraq as the Brigade Surgeon for Task Force 449. Council thanked Col. Nelson and his family for their sacrifice and commitment to this country. In addition to the certificate, a tile will be placed on the Town Hall donor wall to honor his service.

2. Appointments to Committees:

Standing Environmental Initiatives Committee

MOTION SECONDED AND CARRIED: Moved by Kerr, seconded by Larsen and passed unanimously by the following roll call vote to appoint Peter Evans to the Environmental Initiatives Committee for a second term of four years:

AYES: Mayor Mordo, Mayor Pro Tem Warshawsky, Councilmember Kerr,
Councilmember Larsen and Councilmember Summit
NOES: None
ABSENT: None
ABSTAIN: None

Standing Finance and Investment Committee

MOTION SECONDED AND CARRIED: Moved by Summit, seconded by Larsen and passed unanimously by the following roll call vote to appoint Jim Lai to the Finance and Investment Committee for a second term of four years:

AYES: Mayor Mordo, Mayor Pro Tem Warshawsky, Councilmember Kerr,
Councilmember Larsen and Councilmember Summit
NOES: None
ABSENT: None
ABSTAIN: None

Los Altos-Los Altos Hills Joint Community Volunteer Awards Committee:

MOTION SECONDED AND CARRIED: Moved by Summit, seconded by Kerr and passed unanimously by the following roll call vote to reappoint current committee members Roger Burnell and Ginger Summit to two year terms ending in March 2011 and appoint Alexander Atkins, Jan Fenwick, and Duffy Price to four year terms ending in March 2013:

AYES: Mayor Mordo, Mayor Pro Tem Warshawsky, Councilmember Kerr,
Councilmember Larsen and Councilmember Summit
NOES: None
ABSENT: None
ABSTAIN: None

Mayor Mordo will continue as the Council Liaison to the Committee.

CONSENT CALENDAR

Items Removed: Item #7 (Kerr) Councilmember Larsen recused himself from consideration of Agenda Item #10 and did not participate in the vote for that item.

MOTIONED SECONDED AND CARRIED: Moved by Warshawsky, seconded by Larsen and passed unanimously by the following roll call vote to approve the remainder of the consent calendar, specifically:

AYES: Mayor Mordo, Mayor Pro Tem Warshawsky, Councilmember Kerr,
Councilmember Larsen (with the exception of Agenda Item #10) and
Councilmember Summit
NOES: None
ABSENT: None
ABSTAIN: None

3. Approval of Meeting Minutes: City Council Special Meeting – April 23, 2009
City Council Regular Meeting – April 23, 2009
4. Review of Disbursements: April 1, 2009 – April 30, 2009 \$508,003.57
5. Acceptance of 3rd Quarter Investment Report for the Period Ending March 31, 2009
6. Acceptance of Right-Of-Way Dedication: Lands of Jakatdar and Shroff, 13761 Old Altos Road – Resolution No. 22-09

8. Acceptance of Open Space Easement, Lands of Zhu and Xu, 24920 La Loma Court Resolution No. 23-09
9. Acceptance of Right-Of-Way Dedication: Lands of Somasundaram, 12244 Windsor Court – Resolution No. 24-09
10. Award of Contract for Preparation of Construction Documents for West Loyola Sewer Assessment District #1 Sanitary Sewer Project – Resolution No. 25-09 (Staff: R. Chiu)
11. Approval of Agency Agreements for Countywide AB939 Implementation Fee and Household Hazardous Waste (HHW) Collection Program – Resolution No. 26-09

Item Removed:

7. Acceptance of Right-Of-Way Dedication: Lands of Tai, 28080 Story Hill Lane

Councilmember Kerr requested a clarification on the subject property.

MOTION SECONDED AND CARRIED: Moved by Kerr, seconded by Warshawsky and passed unanimously by the following roll call vote to accept the Right of Way Dedication Resolution No. 27-09:

AYES: Mayor Mordo, Mayor Pro Tem Warshawsky, Councilmember Kerr, Councilmember Larsen and Councilmember Summit
NOES: None
ABSENT: None
ABSTAIN: None

PRESENTATIONS FROM THE FLOOR

Resident Courtenay Corrigan addressed Council. She proposed an “organic” Fourth of July parade for residents and their families. The parade would start at 10 am at Town Hall and proceed along Fremont Road to Bullis-Gardner campus with its conclusion at noon. Corrigan volunteered to coordinate the parade and provide watermelon for the participants.

Council thanked Corrigan for presenting the unique idea and endorsed her proposal. Direction was given to staff to work with her to ensure the safety of the parade participants. It was suggested that the Parks and Recreation Committee could be of assistance in planning the event. The Sheriff will provide traffic control.

PUBLIC HEARINGS

No Items Scheduled

UNFINISHED BUSINESS

12. Update on Town Goals

Emergency Preparedness

Mayor Mordo provided an overview of the emergency preparedness and response exercise that was held at Town Hall on Wednesday, April 29, 2009. The successful drill was coordinated by the Town's Public Safety Officer Steven Garcia. Participants included members of CERT, Emergency Communication Committee members, and Town staff. Mordo thanked the Los Altos Hills County Fire District for underwriting the costs associated with the exercise.

- Environmental Initiatives

Councilmember Kerr reported that the EIC would be making a presentation to the City Council at next week's meeting. Currently, the Committee is reviewing options for grant proposals. Councilmember Kerr and Councilmember Larsen have both met with Congresswoman Anna Eshoo to discuss federal support (public financing) of private solar installations.

- Parks and Recreation Assets and Programs

Councilmember Summit reported on the numerous successful activities that have been coordinated by the Parks and Recreation Committee. The Annual Pathway Run had over 600 runners/walkers and was deemed a success by all the participants. Summit noted that Los Altos School District Superintendent Tim Justus had commented in a recent meeting where she was a participant that the District was interested in revisiting the installation of a soccer field at the Gardner Bullis campus. Summit reported that Gardner Bullis Principal Erica Gilbert was aware of the Town's interest in a pathway at the school site. She and the principal were scheduled to walk the path in the near future.

- Sewers and Infrastructure

Councilmember Larsen reported that the next meeting of the Ad Hoc Infrastructure (sewer) Committee was scheduled for May 27, 2009. The Ad Hoc Committee is currently reviewing financing options for expanding the Town's sewer infrastructure.

12.A Consideration of Financial Incentives for Sewer Main Extension Projects (Staff: R. Chiu)

City Engineer Richard Chiu introduced the item. At the direction of the City Council, staff had reviewed possible financial incentives to encourage sewer main construction and early participation in connecting to extensions. Incentives that had been reviewed included a proposal from a developer requesting that the Town finance street cut fees. Chiu explained that the Town currently collects \$10.00 per square feet of pavement cut for utility installations. A project developer is required to pay the associated costs up front and collect from future users their proportional share at the time they connect. The developer's proposal called for the Town to front the cost of the street cut fee and collect the proportional share from future users when they connected to the system. Chiu reviewed the request with Council and explained the potential negative issues related to the proposal if future users chose not to connect and the Town was unable to collect the fees. Ultimately, general fund monies might be needed to make up the difference and over a period of time the road maintenance funds could be reduced and not recaptured.

Additional incentives that had been studied included a waiver of the Town's \$7,950 connection fee for developers and partners and/or an offer of a 50% discount for residents that connect within a one year period. Chiu explained that this would result in a

reduction of new funds for the sewer fund and could necessitate an increase in sewer usage charges.

Staff had reviewed other possible incentives to encourage early participation for sewer connections and was recommending the following: 1) a discount or waiver of some encroachment permit fees for property owners that connect at the time of main installation if work was to be done by the same contractor responsible for the installation of the main; 2) reduce the design submittal requirements which would reduce the owners' design fee if they used the same engineer- the design could be addressed by "as built drawings"; and, 3) staff could assist with public outreach notifying property owners that a connection at the time of the main installation could minimize construction costs for their lateral installation if the work was done by the contractor installing the main. The recommendations would provide a cost savings to residents by taking advantage of construction efficiencies.

Staff had also investigated potential financing options for sewer installations. Chiu proceeded with a PowerPoint presentation on the formation of Mello-Roos Community Facilities Districts. Pursuant to the Mello-Roos Community Facilities Act of 1982, local governments, special districts, and developers are authorized to create Community Facilities Districts to fund public improvements. Chiu reviewed the formation process and advantages of using a Community Facilities District for sewer expansion projects that would allow expansion through future annexations to the CF District on an as needed basis. Boundaries for an Assessment District are generally fixed once assessments are confirmed.

Chiu reviewed a sewer map of the Town with Council and noted that only slightly more than 50% of town properties were connected to sewer. In response to Council inquiries, he explained that the costs to extend the sewer infrastructure throughout Town was an unknown. The purpose of the discussion was to assess the Council's interest in forming a CFD.

Council discussion ensued. There was a consensus that Council would like to continue the exploration of all incentives and financing options for sewers. It was noted that the goal of the current Ad Hoc Committee on Sewers of which Councilmember Larsen was the council liaison was to maximize sewer access in Town. Mayor Pro Tem Warshawsky commented that he believed it was critical to have a complete understanding of specific costs before the formation of any district that would levy assessments on residents.

Council provided direction to staff to continue the investigation process and return with recommendations.

NEW BUSINESS

13. Discussion of Re-Adoption of "Guidelines for Residential Design & Land Use" (Staff: D. Pedro)

Mayor Mordo introduced the item to Council. He explained that he had discussed the concept of re-introducing the "Guidelines for Residential Design and Land Use" (Guidelines) with Planning Director Debbie Pedro and City Manager Carl Cahill. Mordo

noted that he was primarily interested in finding a mechanism to help streamline the planning process. Mordo referenced his experience as a former Planning Commissioner and now Councilmember and offered that occasionally there were controversial development projects that were usually related to design issues and how the home appeared on the site. Conflicts were seldom about the concise requirements set forth by the Zoning and Site Development Code. Mordo suggested that the Guidelines could be a helpful tool for development. He noted that the City Manager had suggested a voluntary checklist with points similar to the green building process or a rating system might be an option if they were re-adopted.

Planning Director Debbie Pedro added that the Guidelines if re-adopted would be intended as a user friendly supplement to the Town's Codes. The Guidelines which are not quantifiable would be suggestions or recommendations and meant as a voluntary educational tool with a checklist for applicants to gauge their compliance with the Guidelines.

Mordo noted that the item before Council was to assess Council's interest on the re-adoption of the Guidelines and possibly forward them to the Planning Commission for their review. It was not to take formal action to re-adopt the document.

Council Discussion:

Councilmember Summit supported the concept but noted that much of the information was out dated and suggested that a sub-committee be established to review the Guidelines.

Councilmember Larsen expressed his concern about the infamous and controversial reputation that the Guidelines had in previous years. He did not want to adopt any draconian restrictive rules.

Mayor Pro Tem Warshawsky concurred with Councilmember Larsen's comments. He suggested that the components of the Guidelines were arbitrary and could be interpreted differently. Warshawsky offered that during his two terms as a Councilmember, very few projects had required Council review. He advised that if the process should move forward, that Council exercise extreme caution with the Guidelines.

Mayor Mordo suggested that possibly a revision to the name would be advantageous and help to eliminate some of the negativity associated with the document.

Councilmember Kerr offered that the Planning changes the Council had approved during his tenure had all worked very well. He offered the new ordinance for Estate Homes as an example. Kerr explained that he was more comfortable with rules if they were predictable. He did not want to see Guidelines re-introduced that could be misused by neighbors to oppose projects.

OPENED PUBLIC COMMENT

Planning Commissioner Eric Clow explained that he liked the diagrams and illustrations in the Guidelines and suggested they could be very beneficial. He concurred with the Mayor's suggestion to rename the document and the possible introduction of a rating or point system. Clow offered that the document should be "a common sense guide for

neighbors” and reflect the “spirit” of the Town. However, as a Commissioner, when reviewing a project they were bound by one set of requirements and that was the Town’s Municipal Code. Clow did not want to see competing information that could be confusing to the applicant.

Planning Commissioner John Harpootlian congratulated the Mayor on opening up the subject for discussion but he did not favor returning to the days when an applicant was provided information that did not have the force of an ordinance or was a true guideline. He suggested that this was not fair to the applicant. Harpootlian concurred with Clow that the document could be used as a teaching tool.

Abigail Ahrens, introduced herself to Council. She was a former resident and professionally: a home designer, developer, and real estate broker. Ahrens offered that the Town had an incredible staff and that the changes that have been incorporated into the Town’s Codes were great. She suggested that “if it ain’t broke, don’t fix it”. Ahrens recommended that for the few issues that the Town had on development, the Guidelines would not be beneficial and worked better in subdivisions but not in an environment with unique building sites.

CLOSED PUBLIC COMMENT

Council considered the review process for the Guidelines. There was a consensus that an Ad Hoc Sub Committee would be a good vehicle. Councilmember Larsen reiterated his support for the Guidelines being developed as an educational tool only. Mayor Mordo offered that “Development Standards” might be a better name for the Guidelines.

MOTION SECONDED AND CARRIED: Moved by Summit, seconded by Kerr and passed unanimously to establish an Ad Hoc Subcommittee of two Councilmembers, two Planning Commissioners, two architects and Planning staff to review and modify the existing Design Guidelines as an educational document for Town and new residents.

Councilmember Summit, Planning Commissioner Clow and Abigail Ahrens volunteered to serve on the Ad Hoc Committee. The meetings will be open to the public.

14. Consideration to Establish an Account with a Certificate of Deposit (CD) Placement Service to Diversify the Town’s Investment Portfolio

Finance Director Nick Pegueros introduced the agenda item to Council. Pegueros explained that the item before Council to diversify the Town’s investment portfolio had originated with the Finance and Investment Committee (FIC). With the continued uncertainty in the financial markets, the security of the Town’s liquid assets is a high priority. Upon their quarterly review of the Town’s Investments, the FIC had recommended that the Town minimize its holdings in non FDIC-insured deposits. Pegueros reviewed the Town’s cash and investment assets as of April 30, 2009 which totaled \$14,599 million. He shared a chart that identified the percentage amount of the Town’s funds in the different investment vehicles and the average yields of the investments. The asset distribution included: Federal Agencies 24%, CAMP 9% (money

market), LAIF 8% (money market), B of A 4%, US Treasuries 55%. Pegueros explained that funds currently held in the Bank of America's checking account were fully covered by the FDIC and not subject to the \$250,000 cap on interest bearing accounts.

Staff had solicited proposals from local banks and Comerica Wealth & Institutional Management had a Certificate of Deposit (CD) Program that would place the Town's funds in FDIC insured CDs. Pegueros reviewed the benefits of the program. They included: all funds were FDIC insured deposits, provided a diversification of investments, funds laddered to provide liquidity, and consolidated monthly statements that provide transparency. He recommended that the initial investment be one million dollars transferred from the LAIF money market account into CDs with no greater than 6 month terms. Pegueros noted that there was an expectation of low yields in comparison to some of our current yields.

Mayor Mordo offered that it was prudent for the Town to take action on the recommendation.

MOTION SECONDED AND CARRIED: Moved by Warshawsky, seconded by Larsen and passed unanimously by the following roll call vote to approve Resolution No. 28-09 authorizing the City Manager to execute a contract with Comerica Securities, Inc. for the exclusive purpose of participating in the Certificate of Deposit Placement Program:

AYES: Mayor Mordo, Mayor Pro Tem Warshawsky, Councilmember Kerr,
Councilmember Larsen and Councilmember Summit
NOES: None
ABSENT: None
ABSTAIN: None

PLANNING COMMISSION REPORT

Planning Director Debbie Pedro reported on the Planning Commission's actions at their May 7, 2009 meeting. The Commission had reviewed three requests for Site Development Permits. Two applications were for new residences and the third application was a landscape screening plan for the AT&T wireless facilities installation at Duval Way. All three projects had been unanimously approved. Specific information including the conditions of approval and project staff reports would be forwarded to the City Council at their next meeting. The Commission also heard a request for a Conditional Use Permit renewal for a wireless communication facility. They had unanimously recommended approval. The CUP would be scheduled for a public hearing at the next regularly scheduled City Council meeting.

REPORTS FROM COMMITTEES, SUB-COMMITTEES, AND COUNCILMEMBERS ON OUTSIDE AGENCIES

Councilmember Summit reported that the Sudden Oak Death (SOD) Blitz hosted by the Open Space Committee at Town Hall had been well attended with other 100 participants. Councilmember Summit added that she had attended a luncheon at Microsoft for Congressman George Miller. The topic of the forum was education and health care reform.

Councilmember Kerr reported that he had met with Congresswoman Anna Eshoo and had broached several important issues regarding the Town with her. Topics discussed included: the Department of Energy's unfair process for small cities to participate in grant funding; and the potential federal funding of the Wetswind Community Barn safety project. Kerr added that he had attended a news conference given by the Governor. He noted that the update on the state's budget had been sobering and he believed that there would definitely be a grab from the state for local government funds.

Councilmember Larsen reported that he had visited the Santa Clara Valley Water District.

Mayor Mordo reported that he had participated in the Pathway Fun Run and was concerned with all of the dead wood and the potential fire danger. City Manager Cahill offered to discuss the issue with the Fire District. He noted that they had a Fuel Management Plan in place for Byrne Preserve. Cahill explained that some of the downed wood was a result of Sudden Oak Death and should not be taken off site.

STAFF REPORTS

Finance Director – Verbal Update on Budget Preparation Process

Finance Director Nick Pegueros provided a brief overview on the budget preparation process. He noted that the State budget scenario was not good and he did concur with Councilmember Kerr's comments that they would most likely be taking monies away from the Town and other local agencies. Pegueros offered that the draft budget had been prepared and reviewed with the FIC with the assumption that the State would take away \$100,000 but the Town would still have a surplus available at this level. However, at this time, the expectation was that the Town would be impacted by approximately a \$250,000 take away. This could potentially have a slight impact on the surplus. The City Manager and Finance Director were working closely on the proposal to keep the budget balanced and not dip into reserves. The Council will have an opportunity to review the FY 09-10 budget at the May 28th FIC and City Council study session. The premise for the draft budget was a \$350,000 loss (\$250,000 plus \$100,000 COPS) to the Town as a result of State actions.

Pegueros noted that the budget was being prepared with the goal of holding the line on all expenditures including employee salaries. Additional options for balancing the Town's budget included a possible reduction in Committee budgets and Community Service agency grants. Traditional capital improvement projects will be included in the study session.

Councilmember Larsen congratulated the Finance Director on his report. He concurred with the close scrutiny of all non-personnel expenses.

City Manager
City Attorney
City Clerk

No additional staff reports were given.

COUNCIL INITIATED ITEMS

15. Consideration of Request from Santa Clara County Supervisor Cortese for a Resolution of the City Council in Support of Locating the Oakland Athletics in the South Bay - Mayor Mordo

Council briefly discussed the request. There was a consensus to support the relocation of the Oakland Athletics to the South Bay.

MOTION SECONDED AND CARRIED: Moved by Warshawsky, seconded by Kerr and passed unanimously by the following roll call vote to approve a resolution of the City Council in support of the release of territorial rights of the Oakland Athletics in an effort to bring major league baseball to the South Bay. Resolution No. 29-09

AYES: Mayor Mordo, Mayor Pro Tem Warshawsky, Councilmember Kerr, Councilmember Larsen and Councilmember Summit
NOES: None
ABSENT: None
ABSTAIN: None

16. Consideration of Motion to Rescind City Council Action Regarding Lands of Garva in Response to Applicant's Request to have the Matter Return to the City Council -Mayor Mordo

Planning Director Debbie Pedro reported that the applicant had just submitted a revised plan and it was currently being reviewed by staff. The house had been sited back from the property line as directed by Council; however the cabana remained in its original location. The relocation of the cabana had been included in the Council's directive to the applicant. Pedro noted that additional exceptions to the grading policy that had not been included in the original application were being requested in the revised plans.

Council briefly discussed the request from the applicant. There was a consensus that the Planning Commission was the appropriate reviewing body for the application. No action was taken.

ADJOURNMENT

There being no further business, the meeting was adjourned at 9:20 p.m. by consensus of the City Council.

Respectfully submitted,

Karen Jost
City Clerk

The minutes of the May 14, 2009 regular City Council meeting were approved as presented at the May 28, 2009 regular City Council meeting.